

**TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE**



FISCAL NOTE

HB 2003 - SB 1918

March 8, 2016

SUMMARY OF BILL: Exempts any assisted-care living facility (ACLF) with 15 or fewer residents, which accepts only private pay or private insurance and is located in a county having a population of 50,000 or less according to the 2010 federal census or subsequent census, from meeting the Board for Licensing Health Care Facilities' requirements concerning sprinkler systems and employment of a qualified dietician. An effective date of July 1, 2016.

ESTIMATED FISCAL IMPACT:

**Increase State Revenue – Net Impact –
\$1,800/Board for Licensing Health Care Facilities**

Assumptions:

- The Board for Licensing Health Care Facilities is required to review engineering and architectural plans for all new facilities and major renovations to existing facilities.
- According to the website of the Board, there are approximately 280 ACLFs statewide and each facility currently has a sprinkler system installed.
- The Board collects a fee for review of engineering and architectural plans based on the square footage of the reviewed facility and the number of separate plans that must be reviewed.
- According to the Board, there will be a decrease of approximately \$250 in revenue for plan review for each ACLF built that houses 15 or fewer residents, accepts only private pay or private insurance, and is built in a county having a population of 50,000 or less according to the 2010 federal census or subsequent census,
- There are approximately 66 counties in Tennessee which had 50,000 or fewer residents according to the 2010 federal census.
- According to the Board, 22 new ACLFs became licensed in FY12-13, 17 new ACLFs became licensed in FY13-14, 16 new ACLFs were licensed in FY14-15, and there are currently 29 facilities with pending applications to become an ACLF.
- It is assumed that there will be at least 10 additional facilities built per year which this legislation will effect, as this legislation will incentivize others to construct and operate ACLFs which house 15 or fewer residents, are located in one of the 66 least populous counties in Tennessee, and which accept only private pay or private insurance, due to the ability to save on construction costs associated with installation of sprinkler systems.

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- In the absence of this legislation, there would be 5 five larger ACLFs built each year that house over 25 residents.
- The initial application fee for an ACLF which houses less than twenty five residents is \$800; the fee for an ACLF that houses more than 25, but less 50 residents, is \$1,000.
- Although annual renewal of an ACLF license is required, there is no renewal fee.
- A net recurring increase in licensure fee revenue of \$3,000 $[(10 \times \$800) - (5 \times \$1,000)]$.
- A recurring decrease in state revenue of \$1,250 $(5 \times \$250)$ due to a reduction in plan review fees collected by the Board, which would have been collected in the absence of this legislation.
- The net recurring increase in state revenue to the Board is estimated to be \$1,750 $(\$3,000 - \$1,250)$.
- The Board for Licensing Health Care Facilities is required to collect fees in an amount sufficient to pay the costs of operating the Board. All fees collected by the Board are deposited by the Department of Health with the State Treasurer to the credit of the General Fund and shall be expended by the Department and included in the appropriation made for the Board in the *General Appropriations Act*.
- Any change in expenditures of the Board is estimated to be not significant.
- The Board had net surpluses of \$386,355 in FY13-14 and \$401,492 in FY14-15.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista M. Lee, Executive Director

/jdb